

Message Text

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PAGE 01 JAKART 03590 261013Z

62

ACTION EB-07

INFO OCT-01 ARA-10 EUR-12 EA-10 ISO-00 INT-05 GSA-02 L-02

H-02 CIAE-00 DODE-00 INR-07 NSAE-00 PA-02 USIA-15

PRS-01 SP-02 COME-00 TRSE-00 OMB-01 FEA-01 SS-15

NSC-05 /100 W

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R 260835Z MAR 75

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 7232

INFO AMEMBASSY BANGKOK

AMEMBASSY KUALA LUMPUR

AMEMBASSY LA PAZ

AMEMBASSY LONDON

AMCONSUL MEDAN

AMCONSUL SURABAYA

UNCLAS JAKARTA 3590

E.O. 11652: N/A

SUBJ: SIRMAN WIDIATMAN ON USG TIN SALES

REF: KUALA LUMPUR 1557

1. SUMMARY. INDONESIAN REPRESENTATIVE ON INTERNATIONAL TIN COUNCIL (ITC) HAS ASKED EMBASSY TO CONVEY TO USG INDONESIAN CONCERN THAT NEW TIN SALES AUTHORIZATION BEFORE CONGRESS MAY PREVENT PRICES FROM RISING TO A LEVEL THAT WILL SUSTAIN PRODUCTION. END SUMMARY.

2. VISIT BY EMBOFF ON MARCH 24 TO DISCUSS PRODUCTION AND MARKETING PLANS OF STATE TIN MINING COMPANY P. N. TIMAH GAVE SIRMAN OCCASION TO EXPRESS ALARM OVER BILL HE HAD HEARD WAS INTRODUCED IN U.S. CONGRESS TO AUTHORIZE GSA'S SALE OF ADDITIONAL LARGE TONNAGE TONS OF TIN. TIMAH'S MARKETING DIRECTOR AND PRESIDENT OF ITS FOREIGN MARKETING SUBSIDIARIES, SIRMAN ALSO REPRESENTS
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PAGE 02 JAKART 03590 261013Z

INDONESIA IN ITC. HE SAYS THE BILL HAS RELEASED

BEARISH FLURRY IN THE MARKET, AND CLAIMS USG FAILS TO
REALIZE THAT RECENT PRICES, WHILE HISTORICALLY HIGH,
ARE NOT HIGH ENOUGH TO PREVENT FALL-OFF IN TIN
PRODUCTION. CONSEQUENCE WILL BE CONSUMER DEPENDENCE
ON FINITE RESOURCES OF USG STOCKPILE TO FILL A
GROWING GAP BETWEEN OUTPUT AND CONSUMPTION.

3. SIRMAN'S ARGUMENT IS BASED ON STUDY OF PRODUCTION
COSTS BY ITC, WHICH HE ARGUES WILL DEMONSTRATE
STILL HIGHER PRICES REQUIRED TO FINANCE MINE REHABI-
LITATION AND DEVELOPMENT IN FACE OF SHARPLY INCREASED
EQUIPMENT COSTS. INDONESIA, AS LOW-COST PRODUCER, IS
NOT THREATENED BY CURRENT PRICES AS OTHERS ARE--
BUT, HE SAID, INDONESIAN OUTPUT COULD REACH 30,000
TONS IN 1976 IF THE PRICE WERE RIGHT--E.G., IF
PLANNERS AND BANKERS COULD COUNT ON TIN PRICES OF
1,000 MALAYSIAN DOLLARS PER PICUL.
NEWSOM

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